

Message Text

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11

ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-10 /113 W

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FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 5455

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

UNCLAS KUALA LUMPUR 7077

E.O. 11652: N/A

TAGS: EALR, ENRG, MY

SUBJECT: PETROLEUM: EXXON SIGNS PRODUCTION SHARING CONTRACT WITH
PETRONAS

REF: KUALA LUMPUR 7021

1. AS INDICATED REFTTEL, EXXON DID SIGN PRODUCTION SHARING
CONTRACT WITH PETRONAS ON DECEMBER 8, 1976.
PETRONAS CHAIRMAN KADIR SHAMSUDDIN
THANKED EXXON FOR ITS SPIRIT OF GIVE-AND-TAKE AND
EXPRESSED CONFIDENCE IN COOPERATIVE EXPLOITATION OF PETROLEUM
RESOURCES OF MUTUAL BENEFIT. EXXON MALAYSIA PRESIDENT
WALVOORD SAW AGREEMENT AS START OF LONG-TERM RELATIONSHIP
BENEFICIAL TO ALL PARTIES AND SAID THAT WITHIN SIX WEEKS
EXXON WORK PROGRAM WOULD BE SUBMITTED TO PETRONAS FOR
CONSIDERATION BY JOINT (PETRONAS-EXXON) COMMITTEE.
SPECIAL TRIBUTE PAID TO PETRONAS FINANCIAL AFFAIRS DIRECTOR
ISMAIL HASHIM AND G.K. RAMA IYER OF GENERAL PLANNING UNIT,
PM'S DEPT.

2. APPROVAL OF WORK PROGRAM EXPECTED EARLY IN NEW YEAR.
EXXON WOULD THEN BEGIN MOBILIZING WORK FORCE AND SUB-
CONTRACTORS. TWO PRODUCTION PLATFORMS ALREADY CONSTRUCTED
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IN JAPAN EXPECTED TO BE TOWED TO CONCESSION AREA

OFFSHORE TRENGGANU, SITED AND MODULES INSTALLED BEFORE
MONSOON IN NOVEMBER 1977, WITH PRODUCTION BEGINNING BY
YEAR-END.

3. EXXON ALSO WILL RESUME DRILLING FROM PRODUCTION
PLATFORM AT SABAH TEMBUNGO SITE. PRODUCTION THERE EXPECTED
TO INCREASE FROM PRESENT 4,0000 BPD TO PERHAPS 15,000-18,000
BPD IN 6-8 MONTHS.

4. COMMENT: AGREEMENT BETWEEN EXXON AND PETRONAS
CLEARS WAY FOR MAJOR DEVELOPMENTS IN HYDROCARBONS SECTOR.
INCREASED PETROLEUM PRODUCTION WILL, OF COURSE, RESULT IN
SIGNIFICANT INCREASE IN REVENUE AND FOREIGN EXCHANGE EARNINGS
TO GOM. AGREEMENTS UPSTREAM ALSO PERMIT EARLY NEGOTIATIONS
ON LGN PROJECT DOWNSTREAM, AS WELL AS CONSIDERATION OF
OTHER PROJECTS UPON COMPLETION OF MASTER-PLAN STUDY IN
SECOND HALF 1977. AGREEMENTS ON PETROLEUM ALSO VERY
IMPORTANT POSITIVE ACTION IN PROCESS OF RESTORING CONFIDENCE
OF FOREIGN INVESTORS IN MALAYSIA.
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